NEW CONCEPTS FOR DEVELOPMENT ACTION IN AFRICA

Secretary-General presses for continuing policy changes and long-term development support

In two major statements on African development — in Geneva and in Atlanta, Georgia — United Nations Secretary-General Boutros Boutros-Ghali asked the international community for long-term support for the continent's reform and restructuring efforts. In the Geneva statement — made on 28 December 1992 to a high-level group he has appointed to advise him on the UN's New Agenda for the Development of Africa in the 1990s (details on p. 7) — he stated that Africa needed more time so it could "prepare for the future without always having its back to the wall and always having to deal with one dreadful emergency after another." The full text of his statement follows. The Atlanta speech is on page 8.

Geneva

The New Agenda for the Development of Africa is a new departure in international development cooperation. I am strongly committed to it. It must be made to yield results.

UN Secretary-General Boutros Boutros-Ghali speaking to the high-level panel, Geneva.

I know that some of you have interrupted your Christmas holidays to be here. Some of you have come a long way. I appreciate your willingness to serve as members of this high-level Panel.

I am looking to this Panel for advice and ideas. I will listen carefully to what you have to say. To open our discussion, let me offer a few thoughts on the way forward.

The world has changed. Development cooperation is a grand ideal, but it remains unfulfilled. Too often in the past grandiose concepts were followed by fragmented, uncoordinated action.

The New Agenda for Development must be focused and coordinated. It must be based on people, with full attention to participation and human rights. It must mobilize the efforts of the United Nations system, the international financial institutions, regional organizations and frameworks and bilateral donors. A comprehensive, concentrated effort backed by developing country Governments is needed.

Your advice is important because you are involved in different ways in practical development work. There is not much dispute on what needs to be done; endless seminars have been organized, and endless papers written. I look to you for practical advice on how development in Africa can be better coordinated and focused. What Africa needs is practical solutions.

Too many indicators of social and economic progress in Africa tell a disappointing story. Some are inclined to write Africa off as hopeless. Others see Africa as a special case to which the principles of economics do not apply.

I reject such views. It is our approach that has failed. Africa has not. The post-colonial period in Africa was a period of high expectation. Hopes were generated by the new sense of freedom. Hopes were inflated by the rhetoric of the cold war. We now know that those expectations were unrealistic.

The situation today needs to be evaluated calmly and carefully. If we look at Africa against objective criteria, we will see that there have been important social advances in post-colonial Africa. Recent economic policy reform has been profound. Structural adjustment has transformed the economic policy environment.

You are all specialists in Africa and I do not need to stress this point to you. But we need to bear in mind that Afro-pessimism is widespread in the world outside. We face a challenge. We must overcome the pessimists. Africa's development can and will be achieved

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by coordinated international effort.

Africa and its resources, notably its human resources, are of enormous potential. The end of the cold war allows us to think afresh: to recommit ourselves to the social and economic development of the continent, and to reappraise our approach.

The battle of GATT must not give rise to new penalties for Africa. Let trade be liberalized. Yes! But do not let a continent enter an arena for which it is not prepared.

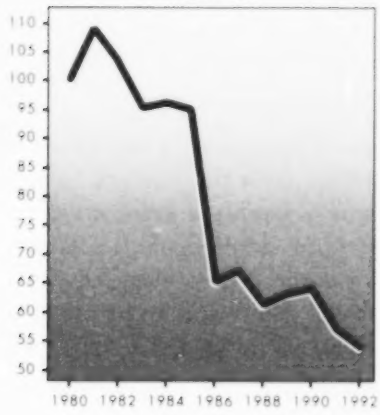
The time is ripe for such a reappraisal. Profound changes are taking place in the international environment. These affect not only peace and security, but also economics and development. They affect both what we can do, and how we do it.

Development is no longer solely a matter of economics. The belief that development can be brought about by Governments pulling a few economic levers is now discredited. Today, attention must be paid to institution building, popular participation, and the advancement of human rights.

We can now see that participation by citizens in all of the institutions of a society — political as well as economic — is a prerequisite for development. Peace and security are not separate from development. Peace, and the institutions which sustain and nurture it, are in turn strengthened by economic progress and development.

Africa's terms of trade

(1980=100)



The vital contribution which African non-governmental organizations can make to development is now being recognized. Their field activities are no longer restricted to emergency and humanitarian operations. They are now making a contribution to poverty alleviation and human resource development. They are raising awareness, strengthening the social fabric of civil society. They are laying the foundations for a genuine process of democratization and respect for human rights in the continent.

There are three issues which must be tackled afresh if the economic development of Africa is to proceed. They are: external debt, regional and subregional integration, and diversification of the economy.

First, there is widespread consensus that the debt burden of many African countries is unsustainable. External debt is a millstone around the neck of Africa.

In sub-Saharan Africa debt is now the equivalent of 106 per cent of gross domestic product (GDP) — compared to 37.4 per cent in Latin America, another debt-affected area. In many countries, such as Mozambique, Somalia, United Republic of Tanzania, Guinea-Bissau and Mauritania, external debt is higher than GDP.

In these circumstances — given low world prices for most export commodities — it is not surprising that debt servicing schedules become impossible. Arrears pile debt upon debt. The burden increases.

When African Governments become tagged as bad debtors or bad prospects, private investment goes elsewhere. Long-term financial flows into sub-Saharan Africa declined from $10 billion to $4.7 billion between 1982 and 1990. Eighty-four per cent of this reduction can be accounted for by the decline in private flows.

One of the positive parts of the Africa story is that many African countries have taken courageous steps to reform their financial and monetary systems. They have created a framework which should attract private investment. Yet that investment is not materializing.

The debt burden is a major obstacle to the return of private investment to Africa. Easing that burden must be a priority for the international community.

Debt relief should be seen as part of a package, integrated into other measures affecting economic, social and environmental develop-

ment. This is a key issue on the New Agenda for the Development of Africa.

Second is the issue of regional and subregional integration. We live in a time of free trade areas, common markets and an increasingly global economy. African countries will have to join forces if they are to compete effectively in world markets.

Most African domestic markets are small. Infrastructure and productive facilities need to be planned regionally and shared. Donor agencies and Governments need to improve their coordination, particularly at the regional level.

In "An Agenda for Peace", I highlighted the role of regional organizations in peacemaking and preventive diplomacy. This role extends naturally to development. The New Agenda is a challenge to the international community to undertake coordinated multilateral, and multi-level, efforts for development.

Coordination of development efforts at the regional level should involve the United Nations system, the international financial organizations, and bilateral donors. In United Nations peacekeeping operations, and in the larger peacebuilding activities in countries such as Cambodia, El Salvador and Somalia, there is a division of labour between troop- and personnel-contributing countries and the United Nations. Why can we not do the same in development?

For example, agreement with African regional organizations on investment in major infrastructure projects — transport, energy, water, gas or telecommunications — could be followed by coordinated international activity. The international financial institutions, and some national development finance institutions, might contribute capital finance. Others would provide grant assistance and technical input. Training needs, credit for associated new businesses — different national or international bodies would make a contribution.

Moves towards regional economic integration will need to be both understood and supported by ordinary citizens. Educational contacts between peoples — through youth exchanges, for example — have a part to play. Language teaching can be improved. The building of new African institutions, catering for regions and subregions, and commanding the support of nations and peoples, will be essential. A series of concrete steps to improve and increase intra-African trade flows will be needed.

This is a matter of governance. Reform of the African State is a prerequisite of reform of the African economy. If the debt burden puts off investors, red tape and bureaucracy in many African countries deter both investors and traders.

African and overseas investors and traders need to have confidence in the institutions which regulate trade and investment. They need, for example, to have confidence that customs and other regulations are effectively and impartially administered. They need to be assured that legal systems will swiftly and fairly deal with disputes.

Capacity-building — which is increasingly a feature of the work of the United Nations Development Programme (UNDP) — will have a significant role.

In the post-independence years, the State was expected to do everything. This was partly a result of ideology, but there was another reason. In colonial days African economies were run by, and for, colonialists. Few Africans were businessmen

Experts advising the Secretary-General on Africa

The Panel of High-level Personalities on African Development that the Secretary-General has appointed to advise him on the implementation of the United Nations New Agenda for the Development of Africa in the 1990s met for the first time under his chairmanship in Geneva on 28 December 1992. The group will next meet with the Secretary-General in Rome on 17-18 April. The group is composed of the following members:

Ms. Sylvie Brunel, *President of Action Internationale Contre la Faim*

Mr. Brownson Dede, *Deputy Executive Secretary of the Organization of African Unity*

Mr. Martin Huslid, *Norway's representative to the UN*

Mr. Edward Jaycox, *Vice-President, Africa Region, of the World Bank*

Mr. Simba Makoni, *Executive Secretary of the Southern African Development Community*

Mr. Olusegun Obasanjo, *former president of Nigeria and Chairman of the Africa Leadership Forum*

Mr. Layashi Yaker, *Executive Secretary of the UN Economic Commission for Africa*

Ms. Catherine Bertini, *Executive Director of the UN World Food Programme*

Mr. Yves Berthelot, *Assistant Secretary-General of the UN Conference on Trade and Development*

Mr. Ibrahima Fall, *UN Assistant Secretary-General for Human Rights*

Ms. Ellen Johnson Sirleaf, *Assistant Administrator (Africa) of the UN Development Programme*

Mr. Ahmedou Ould Abdallah, *Special Coordinator for Africa and Least Developed Countries, is the Secretary of the Panel*

or owners of productive enterprises. Indeed, for many years, European banks would not lend to Africans. Nationalization, takeover by the State, was therefore seen as Africanization.

Everyone now agrees that bureaucrats cannot run businesses. In some countries in Africa, there are now functioning capital markets. Local citizens are able to invest in, and own, businesses. The State is withdrawing from commercial activities. It is no longer seen as an effective way to give people jobs. As the role of the African State is redefined, painful reassessments will be required.

Economic reform without attention to the system of government is likely to fail. A functioning and efficient government machine needs to be created, and then nurtured.

I have just spoken about what seems to me to be the two essential conditions of development in Africa: debt relief and building true regional or subregional integration. On these points everyone agrees. But we have done too little; we must go further, and we must be both more specific and more ambitious or more demanding than we have been up to now. This is what I expect from you.

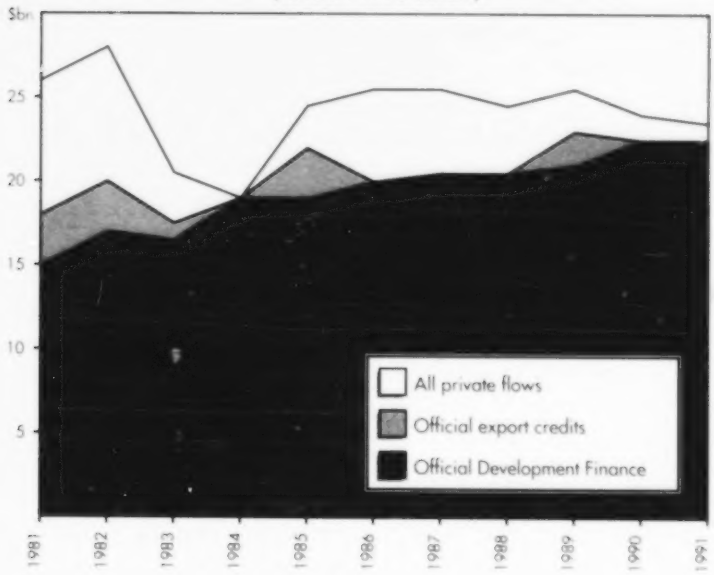
However, that alone will not be enough. The national economies must do their part by making major internal adjustments. Whatever the international environment, these adjustments alone will put an end to the dangerous marginalization of the entire continent. And so I should now like to dwell on the third and perhaps most important point: the diversification of nationcl economies. Most of the economies of Africa depend on one, two or three resources, rarely more. This dependence threatens their short-term economic prosperity and, what is even more serious, it compromises their long-term future. Given present economic and international trade conditions, specialization defies common sense. Allow me to remind you of just three aspects of the problem.

First, excessive specialization makes the economies vulnerable to international market conditions. According to the African countries themselves, this problem affects agriculture, mineral resources and even industry. Thus it is that huge segments of domestic activity are affected by fluctuations in international prices. This being so, and because the countries do not have sufficient weight to advance their point of view in the large international organizations, especially the financial institutions, each forfeits control over its main source of revenue; put another way, it loses control of its own fate, or to be even more blunt, it loses its de facto independence.

This specialization is all the more counterproductive because it impels the African countries to import a large proportion of other consumer goods, whether agricultural or industrial. Having wagered everything on exports and flung themselves into the most extreme logic of the international market, which is excessive specialization, the African countries condemn themselves to imports on a massive scale. They condemn themselves to importing indefinitely most of the goods required for the functioning of any economy,

Sub-Saharan Africa: net financial flows

(constant 1990 dollars)



As sub-Saharan Africa's troubles have grown, its access to the world's financial resources has dramatically narrowed and it is now almost totally dependent on official flows.

goods diversified in kind and according to need. Not content with ruling out the direct or indirect sources of wealth provided by a domestic market, the African countries spend a large part of their foreign exchange on high-priced imports. Had the industrialized countries done the same thing in the past, none of them would have experienced development. Let us not forget that, in the past, the European countries and the United States became developed by relying first and foremost on their domestic markets and even, at times, by protecting them.

Lastly, the absence of diversification is all the more serious because the specialized African crops do not yet always match the quality found in the richest countries. The yields in Africa, whether of food crops or cash crops, are falling further and further behind those of other parts of the world. In this respect, the shortcomings of research and the thinly spread results seem to prevail.

It is these major failings which a policy of diversification would address. A number of measures would, of course, have to be taken to overcome the awesome and extremely unjust obstacles which the continent faces. I will enumerate some of these highly desirable measures.

First, policies to promote the financing of production and the identifying of openings are essential. They can be implemented nationally or subregionally. They must be based on an improved knowledge of investment practices and greater commercial effectiveness. The experience of other countries which have successfully implemented such policies, including Mauritius, could be drawn on.

Secondly, to be fully effective, such diversification policies would take it for granted that tariff and non-tariff obstacles do not discourage exports. If African producers wished to have a reasonable chance of selling their products beyond their borders, they must have access to markets which are closed to them today, closed for at least two reasons: either the African products must compete with heavily subsidized products or they must contend with customs tariffs which resemble economic iron curtains around protected zones. This is unfortunately the situation in the richest countries.

Economic liberalism and market forces all too often serve as a hypocritical rule that caters to special interests, those of the powerful who from their position of strength make the rules and even create the dogma, which everyone comes to regard as sacred. For them, there is no question of giving the poorest countries the necessary conditions and time to organize themselves and to confront international economic life with a firm footing. Yes, I say it without beating about the bush: a real conflict is being waged by the powerful against the weak, and it is our duty to step in and to change matters.

Whatever the international environment, adjustments in African policies and actions alone will put an end to the dangerous marginalization of the continent.

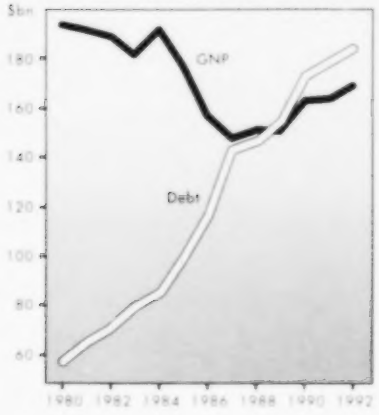
It is high time to find a more just equilibrium between rich countries and poor countries. Not only morality but also world economic activity would stand to gain. It is not in the interest of the most highly industrialized countries for the African continent to remain in a state of hesitancy between development and underdevelopment. Logic — not only economic and commercial logic but also political logic — demands that African countries be stable and capable of generating a domestic market and investments. That is as true of Africans as it is of any other people.

Of course, customs barriers in the context of the General Agreement on Tariffs and Trade (GATT) must first be removed. The battle of GATT must not give rise to new penalties for Africa. Let trade be liberalized. Yes! But do not let a continent enter an arena for which it is not prepared. We must facilitate the institution of policies based on time and long-term investment as guarantees of sufficient capitalization. This is the only basis on which to establish trust, the trust of both local and international investors. The point is to offer advantageous terms at the international level so

that local productive enterprises can take their first steps and be nurtured and encouraged.

This effort by all will over the long haul more assuredly bear fruit than the short-sighted bookkeeping which looks only at today's ledger book and not at tomorrow's. Let us bid goodbye to those short-term calculations, to the petty accounting of the small shopkeeper, to the disastrous reduction of political time to foreshortened time of private profitability! Africa needs time — as did all the developed countries, which took centuries to build up growth, within markets that more often than not were protected. None of today's prosperous countries were suddenly thrust into the midst of international competition.

Sub-Saharan Africa's GNP, external debt



There is then much work to be done: reflection, explication, and, perhaps most important, the exertion of will. "Will" is a word fundamental in this context. Where Africa is concerned, much is agreed when analysis is called for, but little, or at any rate too little, is done when it is a matter of action. Let me, then, repeat that the public bilateral debt of low-income or middle-income countries must be reduced far more sharply than at present. Let me also repeat that the subregional groupings have failed — to put it bluntly — as an instrument of development and have not always averted conflicts. The financial obstacles, the lack of communication infrastructure, and also the disorder, the overlapping, the constant violation by administrations of agreements signed between States, too great a distance separating what is said and what is done — all of this, if continued, will ruin for ever the chances of subregional integration, and even the chances of development policies themselves. The day will come when this speech will no longer be believable.

As I said in Dakar last June, at the Organization of African Unity (OAU) summit, unless the old dogmas are re-examined, nothing will go forward. Since the dominant principles have caused the marginalization of an entire continent, we shall have to find something to replace them. This is the enterprise which I am inviting you to undertake.

I do not hide the need to display courage, imagination, patience and above all the exertion of will, in other words the rejection of complacency. I have referred in turn to the reduction of the debt, regional and subregional integration, and diversification. To these should be added a sense of responsibility on the part of everyone and the type of ambition which consists in helping oneself by helping one's country.

Africa, with its diversity and wealth, holds out formidable promise. From Cairo to Windhoek, from Dakar to Nairobi. It took Europe centuries to prepare for and engage in capitalism, an exchange of goods whose goal is profit. Since decolonization, the time given to Africa and the patience the powerful say they have shown towards Africans are diminutive when contrasted with the centuries of capitalist history of the modern West. I beg you, do not let us give up before having begun, by which I mean begun in earnest.

In a nutshell, I have no better way of saying how happy I am to be in your midst today, how carefully I shall listen to you and how curious and impatient I am to hear your suggestions.

We live in a time of free trade areas, common markets and an increasingly global economy. African countries will have to join forces if they are to compete effectively in world markets.

"Solutions do exist!"

Toast pronounced by the Secretary-General at the luncheon given in honour of the panel of high-level personalities on African Development in Geneva, 28 December 1990

Ladies and gentlemen, My dear friends,

Albert Camus wrote that in his opinion there were "two kinds of effectiveness: that of the typhoon and that of the rising sap." You have responded to my appeal to give some thought to possible new directions for African development because, as you are well aware, we can no longer aspire to the way of the typhoon. The rapid way is unattainable. The new way is that of the rising sap, namely, patience, tenacity and time. The figures demonstrate in their statistical coldness that the gap between the rich countries and the poor countries is widening, as it is widening between individuals who have access to prosperity and those who are excluded from it. More particularly, it is clear that the situation of Africa is deteriorating steadily.

In this regard, we must draw on the lessons of the moderate success, which is the best that can be said, of UN Programme of Action for African Economic Recovery and Development (1986-90). It must be recognized that it did not achieve its objective! The work has to be resumed.

Any programme for Africa faces numerous difficulties. These difficulties include the crushing weight of the external debt, the worsening terms of trade and the negative capital flows. They make for a scandalous situation if one looks at it closely since, in the final analysis, it is the poor who are financing the rich. Added to all that are the population explosion, natural and man-made disasters, wars and political negligence, not to mention the insufficient volume of aid, the recession in the industrialized countries, and the need to deal with the challenge of Eastern Europe.

Progress in Africa will depend first and foremost on the sincerity of cooperation; but it will also depend on the firmly demonstrated resolve of African governments to invest in human resources.

In most cases, this priority entails rethinking political options and reorienting public expenditures.

All these challenges call for a comprehensive approach or, if you will, an integrated response to the situation. Let us clearly understand what that means in terms of patience and imagination.

If we really want the situation to improve in Africa, we must avoid complacency and not content ourselves with words, projects or analyses which are never translated into reality.

Given the enormity of the problems inundating the continent, the merchants of doom are quick to point out that things will never change in Africa. I do not share that view, quite the contrary. For solutions do exist!

These solutions depend on debt reductions, regional integration and the diversification of economies — in other words, on far-reaching changes in the rules of the game.

Ladies and gentlemen, as I said in the plenary, I am deeply convinced that it is a crime to expect the African continent to fight a fight it is not prepared for. Admittedly, trade must be liberalized, but that must not be done at the expense — which seems to be systematic and permanent — of Africa's interests. Instead of being obsessed by immediate profits, we have to promote the adoption of policies based on long-term investment and, as I have said, on time. The countries which are wealthy now needed time, a great deal of time, before they were really ready to face the competition head on.

We have to make time so that Africa can prepare for the future without always having its back to the wall and always having to deal with one dreadful emergency after another.

Perhaps, we should change some of our most deeply rooted beliefs. This takes courage my dear friends, and it is this courage that I invite you to toast!

The crushing weight of Africa's external debt, its worsening terms of trade and negative capital flows make for a scandalous situation if one looks at it closely since, in the final analysis, it is the poor who are financing the rich.

OVERCOMING THE CRISIS IN DEVELOPMENT COOPERATION

Secretary-General details action-oriented approach to revive a struggling partnership

In his address to the Conference on Global Development Cooperation held at the Carter Centre, Atlanta, Georgia, on 4 December 1992, Secretary-General Boutros-Ghali put forward two sets of concepts for action which would give new impetus to development cooperation: improved coordination and regionalization; and democratization and communication. Aid, he said, must be human-centred, and be used for productive purposes, and not foster dependency.

Atlanta

Why is this conference so important? Is it because the world grows weary of the task of development? Many donors are tired. Many of the poor are dispirited. The field of development cooperation is in crisis.

So it is right to hold this conference now. And President Carter takes the right approach. As he said, if we just meet "to discuss once more the failure of international aid programmes, and make a few recommendations for others to pursue, then we are likely to be wasting our time".

Let us not waste our time. Let us be as specific and action-oriented as possible.

The crisis is deepest in, but goes beyond, the familiar disparity between the "North" and the "South". Countries of Eastern Europe and the former Soviet Union are struggling in their transition towards democracy and market-based economies. Even countries of the Organization for Economic Cooperation and Development (OECD) are not immune to economic and social ills. It has often been noted that there are many poor people in rich countries and many rich people in poor countries. Poverty, unemployment, inequity and growing insecurity are felt in virtually every part of the globe.

But no one can deny that Africa as well as many other regions of the South are of particular concern. I have spent 40 years of my life working on African issues and will therefore make special reference to Africa in this paper.

We look back on a record of frustration.

The rich countries had hoped to resolve the problems of the South — poverty, hunger, high population growth rates, low productivity, economic stagnation, debt, drought, desertification — by channelling aid through international and national institutions which were created almost 50 years ago. This has however not been a success. The time has come to take a critical look at the aid patterns of the past. Aid is not restricted to financial assistance made available on concessional terms to developing countries for specific development purposes. It often includes funds for military purposes, trade credits, diplomatic and cultural exchanges, refugee and drug programmes — which go beyond purely economic objectives.

The problem with aid is not that it supports political objectives, as has often been claimed. Indeed, if political objectives are good they should be supported. The problems are the following. First, aid often supports military expenditure. Thus it is not only used unproductively but it may aggravate military confrontations. Second, it frequently inhibits or delays economic reforms. It helps perpetuate otherwise unsustainable domestic economic policies. By creating overvalued exchange rates, aid also promotes protected, inward-looking economies. Aid, which is often linked to purchases of goods supplied by donors, also accentuates import dependency. Thus although aid remains important for some purposes, it often goes to the wrong countries and is used for the wrong purposes.

This needs to be changed. It is imperative that aid flows be used for productive purposes, particularly the development of human, physical and institutional infrastructure. At the present time, only a small fraction of official development assistance (ODA) flows are used for human development, widely recognized as a crucial ingredient of development. It has been estimated that in 1988-1989, only 7 per cent of bilateral ODA and less than 10 per cent of multilateral ODA was directed to programmes in the "human priority areas" (basic education, primary health care, supply of safe water, sanitation, family planning and nutrition).

The South, on the other hand, has tended to put its hope in utopias. In the 1970s, we heard of the New International Economic Order and the Lagos Plan of

Action. More recently, at the summit meeting in Abuja, we heard of an African common market. Such grand aspirations bring bitterness and deeper despair when they fail to come about.

I am convinced, however, that the situation is not without hope. The experience of past decades can yield practical guidelines for the future.

Out of the experience of frustration, I want to put forward two sets of concepts. They are not new. These are not concepts for abstract contemplation. They are concepts for action.

First, coordination and regionalization: Global development cooperation is obstructed when national and international agencies number in the hundreds and each goes its own way. Despite conflicting mandates and bureaucratic competition, coordination among donors is possible — and essential. Coordination needs to take place at the regional and field levels. The United Nations system also needs to be better coordinated.

I want to address all these dimensions — national, regional and global — starting from the ground up.

At the national level, there must be a strong and unified presence in the field. This will facilitate the provision of aid and technical cooperation to developing countries. The field is where decisions adopted elsewhere take effect. Practical experience in the field can lead to better decisions in the future.

Bilateral and multilateral donors need to complement efforts of developing countries at national macromanagement. They can do so by providing resources that will allow these countries to build up their social and physical infrastructure. In this way, they can eventually attract private flows, including foreign direct investment.

In the field, the requirement for integrated action is clear. This is the way to cover the wide range of needs that mark societies in early stages of development. Economic, security, political, cultural and other issues have no sharp lines of division and should be addressed in an integrated manner.

I firmly believe that a unified United Nations presence in the field could facilitate inter-agency coordination as well as coordination with non-governmental organizations. I have committed myself to work towards a unified United Nations field presence. The experience of the United Nations in six newly independent countries of the former Soviet Union will be highly relevant. I asked the United Nations Development Programme (UNDP) and the United Nations Department of Public Information (DPI) to set up a unified and coordinated presence in those countries. But in countries elsewhere, where a wide variety of development bureaucracies — national and international — are already well entrenched, the task of coordination is not easy and will be very difficult to change.

At the regional level, there must come a new recognition: regionalization can help coordination. Regional aid may be preferable to bilateral aid in many areas. Regional aid follows practical needs wherever they may go, and does not stop at political boundaries. Water, electrification, air transport and communication, hospitals and health delivery systems all call for region-wide answers.

Development cooperation is obstructed when national and international agencies number in the hundreds, and each goes its own way.

Regional organizations would be reinforced — and recipients would benefit — if more aid came from, or through, organizations at the regional level. This would allow recipient countries to deal with one donor rather than many. Such regional efforts often are more able to design an effective division of labour in the field of aid. From there the regional trade-offs can be more clearly seen. And the bureaucratic competition of the donors may be transcended.

The idea of channelling aid through regional orgnizations should be encouraged. Regional development banks can be the intermediaries to carry out this function in an efficient and effective manner. Donor Governments should increase the capital of these banks to allow them to make more loans at concessional or non-repayable terms.

Development aid that falls from the top directly to the bottom can, with the force of a waterfall, crush whatever lies under it. A terraced flow downward, level by level, is more likely to serve the needs of those at the lower end. This approach can reduce the tendency of those above to micro-manage those below. It can translate bureaucratic language into understandable terms. Every step must be taken to ensure that bureaucracy does not block the flow, or reduce the volume of development aid as it passes through. This is an issue of governance.

Regional cooperation and integration is a growing necessity everywhere. But in the case of Africa, it is absolutely essential for effective economic development. By reason of their size and geographic location, the vast majority of African countries will remain economically unviable if they do not cooperate and coordinate with one another, particularly with their neighbours. But the emphasis on integration should not be restricted to goods markets as in the unsuccessful efforts of the past. African countries need to coordinate their macro- and micro-economic policies, and harmonize administrative rules and regulations. They need to cooperate on the joint provision of public goods, including infrastructure.

Foreign aid and technical assistance must promote such efforts to make African markets more attractive to domestic and foreign investment.

Only democratic structures can foster the open intellectual environment that the economics of this new era demands.

Development assistance should encourage "South-South" cooperation within a framework of overall integration into the world economy. Where appropriate, donors should mandate programmes, such as regional professional training, which will provide interaction among nationals of different countries of a region. Such has been the case in my own country, Egypt, which has served, for example, as an African training centre during the last 14 years for nurses, police officers, harbour pilots and experts in rice culture. This has been achieved with the assistance of donor countries and international organizations.

Regional arrangements and organizations have a new role to play for development and peace today. I stressed this in my report to the United Nations Member States entitled "An Agenda for Peace". The Charter of the United Nations recognizes the importance of regional arrangements. It provides useful flexibility for undertakings by a group of States to deal with a matter appropriate for regional action. Such action is expected to relate to the maintenance of international peace and security, within the overall responsibility of the Security Council.

In the world we see today, this regional role naturally extends to development. In "An Agenda for Peace", I put forward the idea of "preventive diplomacy" and "post-conflict peace-building". This is an added dimension to regional cooperation. Regional cooperation can and should be promoted through concrete projects. These can link two or more countries in a mutually beneficial undertaking. Such joint projects can promote regional economic and social development. They can act at the same time as a deterrent to confrontation and conflict among nations. This type of collaboration can also enhance post-conflict peace-building.

The United Nations encourages a rich variety of complementary efforts. Just as no two regions or situations are the same, so the design of joint work and the division of labour should adapt to the realities of each case with pragmatism, flexibility and creativity.

At the global level, there is much room to improve coordination of development assistance, both financial and technical. I can tell you from first-hand experience how difficult the task of coordination is. I have been facing it within the United Nations where duplication and overlap exist and where development policies can work at cross-purposes.

I am trying to establish better coordination among the agencies and programmes.

- In the first phase of restructuring, three months after taking office, I consolidated all development activities in New York into a single Secretariat unit.
- Looking to the next phase of restructuring, I am now moving to distribute responsibilities between Headquarters and other United Nations centres, and among global and regional field structures.

The United Nations has a unique role to play in global development cooperation, provided that it takes up the double challenge of changing its thinking and its structure. And Member States must take up their responsibilities as well. Reform of the Secretariat and reform of the intergovernmental organs are two faces of the same reality. I attach great importance to reform of the Economic and Social Council of the United Nations. I have proposed a high-level mechanism for the Council to remain alert to world trends between the two ordinary sessions. And I have urged that the Economic and Social Council address development issues that affect international security and bring them to the attention of the Security Council.

- The position of Secretary-General carries with its Chairmanship of the Administrative Committee on Coordination (ACC), one of the major instruments of the

Economic and Social Council. I have taken measures to streamline the ACC in order to strengthen development cooperation throughout the United Nations system.

Second, democratization and communication: Development aid must include support for the creation and strengthening of institutions of democracy. Democracy should be understood as the move towards better, more participatory government, perceived as such by the governed. Unless democracy takes root, violence, coups d'état, wars and general instability will recur, with an inevitable effect on socio-economic development. This has been the case in many regions and countries of Africa. When peace is sought for its own sake, it will not last. The issues — economic, social and political — which cause conflict in the first place must be addressed. This can only be done through institutions that allow the people to express their political will, employ their economic talents and fulfil their social destiny. Time and time again, all across Africa, hopeful steps towards development have stopped because of instability. This cycle can be broken only through the growth of democratic practices.

Donors who may be ready to contribute to the construction of a bridge, or dam or factory are hesitant to support — or do not see how to support — a free press, the creation of a national civil police or a fair court system. However, the development of infrastructure is unlikely to endure if the institutions which support the infrastructure are not also developed. Development requires credible legal, financial and administrative institutions. The rule of law must be upheld. Basic mechanisms such as customs, banking, insurance and courts to enforce contracts cannot remain vague. They cannot be left to customary arrangements. Development assistance must create and support the building of institutions so that economic activity can take place in circumstances of transparency, accountability and justice.

Can democratic institutions be supported without raising fears of undue intervention? I believe the answer is yes. Developing and developed need to agree that such steps are needed.In decades past, development was seen through economic lenses alone. Today we realize it has many dimensions — political, environmental, cultural, social and personal, in addition to economic. It is for this reason that we are increasingly associating sustainable development with democracy, speaking of the two as inseparable for success. It is through communication — and cultural and intellectual exchange — that all these aspects can be brought together. It is not only because of the end of the cold war that democracy is favoured around the world. Democracy is seen in an increasingly positive light because the world has entered the age of information. Only democratic structures can foster the open intellectual environment that the economics of this new era demands. Today, economic progress requires access to information, right of expression and the necessity for popular participation.

Democratization and communication thus are inseparable — and necessary for sustainable development. For Africa, they affect three central problems:

➢ Education is desperately needed in Africa. Democracy requires an informed body of citizens able to communicate with each other and with their Governments and to interact with the outside world. Democratization within a country creates a demand for education. A well-trained population attracts investment, stimulates demand and supports technological change. In this sense, democratization is not only demanded by donors but welcomed by its ultimate recipients.

➢ Corruption drains the lifeblood of many African societies. But when people are informed and able to express themselves politically, the removal of corrupt officials becomes possible. Only an informed and active public opinion gives Governments the strength and sense of urgency to reform.

➢ Military establishments take up a disproportionate share of national budgets in Africa. Democratization and communication make it possible to build popular support for putting national resources to better use. The reforms required by international lenders are at odds with the interests of entrenched and privileged groups. Political figures who seek reform by shifting financial resources from military to development purposes have a better chance of success and survival in an open democratic system.

To reinforce this process, however, the outside world must act, urgently, to curtail the flow of arms to Africa. Steps towards development will go nowhere in the long run so long as the continent is filled with weapons — arms that at any time can be used to tear down what has just been built up. Take Somalia, for example. There is a greater availability of arms than of

food in Somalia. These arms were not manufactured in Somalia — they have no factories for arms. These arms were not even bought by Somalia — they were given by the outside world, to serve outside interests. The result is that in Somalia today there is no rule of law. There is no central authority. Relief workers are attacked for bringing in food and medicine. The situation is criminal. Those who provide arms could be considered as partners to the crime. The flow of arms to the developing world must be stopped.

Stability also requires an awareness, by donor and recipient countries alike, that emergencies will occur. The ability to deal with unforeseen events should be built into every development plan. Military confrontations, political tensions, major accidents and natural disasters are, in one form or another, a reality. No plan is complete that does not take them into account and provide for means by which the development effort can proceed without lasting disruption. This means planning for mechanisms to ensure a rapid and effective response to such events. Such planning should be coupled with preparations for immediate and discrete steps of preventive diplomacy or peacemaking.

Despite too many failures and too few successes, the spirit of development as a great human cause has been kept alive. ... No more fundamental cause than development exists today.

Planning for accidents or natural disasters makes sense everywhere. In industrialized societies, infrastructures, financial institutions, resources and stockpiles all work to contain the crisis and recovery can take place within a few weeks, or even a few months. But there is no mechanism for crisis management in Africa. Throughout the developing world, planning for such contingencies is crucial. In lands where few or none of the elements of a safety net exist, an accident or disaster can ruin lives and even whole communities for ever. In this time of "compassion fatigue", we must be patient, realistic and dedicated if we want to carry on. In Africa, colonialism collapsed in a few short years. This led to the expectation that, similarly, development could be created in a few short years. Today we know that we must be realistic. There exists no simple remedy that can remove the obstacles to development faced by African countries. Many years of assiduous effort will be required — within a new framework of cooperation — before Africa begins to feel the impact of change.

But realism need not bring resignation. It should give us the determination and the diligence to keep working at this vast problem.

There is reason to look up with hope. Authoritarian governments have given way to more democratic forces and responsive institutions. People can see that economic opportunity does exist beyond the narrow choices of the recent past. Conditionality is now a growing tool for change. Many Governments make good use of it in their search for more open forms of economic policy. We have entered an era marked by a world-wide sense of dynamism and movement.

Above all, a new vision of development is emerging. Development is becoming a people-centred process whose ultimate goal must be the improvement of the human condition. People-centred means that individuals and families and the smallest local units of Governments deserve full and well-coordinated international support. But it means they must be left free to do the job without excessive regimentation from above. Requirements and standards must be put in clear and understandable terms, and the people then allowed to go to work.

The United Nations is the only institution capable of comprehensively addressing global problems in all their political, humanitarian and socio-economic dimensions. In the new climate of international relations, we must not miss the opportunity to develop the necessary consensus and the necessary policy instruments to do this job. There has never been a more evident need for an integrated approach.

Through many ups and downs, through many failures and too few successes, the spirit of development as a great human cause has been kept alive. Now we must do everything we can to turn that spirit into practical, visible progress for people in Africa, and people everywhere.

Development is everyone's job. No more fundamental cause exists today. I believe that we stand at the start of a time of unique achievement.

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